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Study finds Ohio minimum wage increase would boost pay of 446,000; Current wage is at second-lowest point in fifty years

The federal minimum wage of \$5.15 an hour has less purchasing power than in all but one of the past fifty years. A new Policy Matters Ohio study finds that increasing the Ohio minimum wage to \$7.15 an hour, as has been proposed, would directly affect 446,000 covered employees. Of these workers:

- ◆ The majority (60 percent) are women. Women comprise just half of the workforce.
- ◆ More than 70 percent are age 20 or older.
- ◆ More than three-fourths work at least twenty hours weekly and 35 percent work full-time (35 hours or more a week).

The wages of these workers are important to their families:

- ◆ The lowest-earning forty percent of Ohio households, which garners just 16 percent of total earnings, would enjoy 57 percent of the gains from the increase.
- ◆ Families with affected employees rely on those workers for half of family earnings on average. Over one-third (37 percent) rely on those workers for the entire family income.

Since its high point in 1968, the value of a minimum wage paycheck has fallen by more than thirty percent. Today a full-time minimum wage worker earns only \$10,712 a year, just two-thirds of the federal poverty line for a family of three (\$16,090 in 2005).

Ohio is one of just two states that sets its minimum below the federal level, although the federal applies to most workers here. State Senator C.J. Prentiss (D-Cleveland) has proposed raising the minimum wage to \$7.15 by 2007 with annual cost-of-living-adjustments thereafter.

The federal government has not raised the minimum wage since 1997 but the issue saw intense activity in state legislatures in 2004 and 2005. Thirteen states and Washington D.C. now have minimum wages above the federal level, two states have approved wages above the federal that have not yet taken effect, and in two states (MD and NV), increases might occur. Three states have taken steps to adjust the minimum wage annually, and one has committed to annual reassessment of the wage.

“The federal minimum wage is at an extreme low point,” said report co-author Amy Hanauer. “If Ohio did what many states are doing and raised our low rate, the main beneficiaries would be in low-income households that rely heavily on these earnings.”

Policy Matters Ohio is a non-profit, non-partisan policy research institute. This study is available at http://www.policymattersohio.org/out_of_the_basement.htm

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